

The seal of the City of Newton is a circular emblem. The outer ring contains the text "NEWTON" at the top, "FOUNDED 1630" on the left, "INCORPORATED A TOWN 1688" at the bottom, and "A CITY 1873" on the right. Inside this ring is a smaller circle with the words "LIBERTY AND UNION" at the top. The center of the seal features a detailed illustration of a Native American figure holding a bow and arrow, surrounded by a wreath of oak leaves.

Housing Rehabilitation Program Guidelines

**City of Newton
Planning and Development Department**

February 5, 2013

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HOUSING REHABILITATION PROGRAM GUIDELINES

City of Newton
Planning and Development Department

January 5, 2012

PROGRAM SUMMARY

The principal purpose of the City of Newton's Housing Rehabilitation Program (the "Program") is to increase the supply of decent, safe and sanitary affordable housing in the City. The Program is funded with federal Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD).

Eligible applicants include income-eligible owners of single- and two-family residential structures in Newton including condominium owners in multi-family structures, nonprofit housing organizations and the Newton Housing Authority.

Funding assistance

All funding assistance is in the form of a Deferred Payment Loan (DPL) at zero percent (0%) interest due upon sale or transfer of the property with two exceptions:

Deleading: Funds for deleading, irrespective of whether it is an emergency, are provided as a grant; and

Hoarding: Emergency funds up to \$5,000 are available as a grant to clean a rental unit/single family house or condominium. The recipient/applicant must be in the process of securing or is receiving concurrent mental health services. Any additional funds necessary to complete the cleaning are in the form of a DPL (see #1 above). (See *Amount and Types of Assistance*.)

Eligible work is characterized as Priority and Non-priority (but still eligible for financial assistance):

Special Preliminary Assessment Work

In some cases, the City will pay for preliminary testing or assessments (under \$2,000) which will help the staff determine the cost and scope of work required.

Priority work

Emergency work

- Eligible project work is only considered an emergency *if* not addressing the issue will adversely impact the health and safety of the residents. Examples of emergency work includes lead paint abatement if a child six or under has a documented elevated blood level, no hot running water, blocked plumbing due to deteriorated pipes, and broken or unusable boiler/furnace.
- Emergencies are handled on a case-by-case basis and can take precedence over applicants on the wait list. The Construction/Rehab Manager, in conjunction with the Housing Planner and applicable City departments, as necessary, (e.g. Department of Health and Human Services, Police and/or Fire) is responsible for determining if a particular housing problem is an emergency.
- Hoarding is considered an emergency if it is documented by Newton Health and Human Services, Police and/or Fire Departments.
- Incidences of blighted properties (not including hoarding which is addressed above) may also be considered emergencies if documented by the Newton Health and Human Services, Police, Fire or Inspectional Services Departments.

Hazard abatement

- Eligible work includes lead paint and asbestos abatement, mold remediation and radon reduction.

Removal of architectural barriers

- Eligible work includes the installation of ramps and stair lifts, interior modifications for persons with physical disabilities such as widening doorways for wheel chair access and making bathrooms accessible (e.g. installation of roll-in showers and ADA compliant sinks and toilets, etc.) and interior modifications for persons with other disabilities.

Structural failure

- Proposed work is considered eligible *if* not addressing the issue will adversely impact the health and safety of the residents. Examples of eligible work include repairing or replacing deteriorated stairs, entranceways (small porches), hand railings, chimneys and ceilings.

Correction of serious code violations or Housing Quality Standards' deficiencies

- Proposed work is considered eligible *if* not addressing the issue will adversely impact the health and safety of the residents. Examples of eligible work include repairing/replacing deteriorated, leaking roofs, boiler/furnace replacement, repairing/replacing broken windows and doors that cannot be secured and the installation of smoke and carbon monoxide detectors. Depending on the circumstance(s), the correction of some code violations may be considered emergencies.

Non-priority work

Increase energy conservation and weatherization measures

- Examples of eligible work include insulation, reducing air infiltration through windows and doors, window/door replacement, weather-stripping and caulking and replacing inefficient water heaters and boilers.

Correction of certain code violations

- Examples of eligible work include addressing tripping hazards (broken floor tiles, deteriorated carpet with curled edges) and electrical upgrades (additional outlets, new panel box, GFI compliance, etc.).

Removal of underground oil storage tanks

- Funding assistance is for removal of the oil storage tank only and not the remediation of the soil.

Primary eligibility criteria

The primary eligibility criteria, which must be met by applicants wishing to participate in the Program, are:

Location of units: To be eligible for assistance, residential structures must be located in the City of Newton.

Principal benefit: Low- and-moderate-income owner-occupants of single- and two-family structures (including condominiums) are eligible applicants. In order for an owner-occupant of a two-family structure to be eligible for assistance, one or both of the units must be occupied by an income-eligible household. In an owner-occupied, two-family structure where funds are assisting a rental unit, the tenant household must be low-or moderate-income and the owner must agree to continue to rent the unit to an income eligible household at Fair Market Rent (as determined by HUD) during the duration of the loan.

To be eligible for assistance, the Newton Housing Authority and any nonprofit housing development organization or housing provider, must confirm that *all* tenants in a Program-assisted project are low- or moderate-income.

Income-eligibility: In order to be eligible for assistance, the cumulative gross annual household income for all persons occupying a Program-assisted unit cannot exceed eighty percent (80%) of the Boston-Cambridge-Quincy MA-NH HUD Metro FMR area median income (“area median income”). Low- and moderate-income limits are defined by HUD and revised annually. When determining income-eligibility, Program staff use the most current income limits for households in effect at the time of processing. (See Attachment B: Income Limits.)

ELIGIBLE APPLICANTS

Eligible applicants include the following:

1. Owner-occupied single- and two-unit residential structures and owner-occupied condominium units. All units assisted with Program funds must be occupied by income-eligible, low- and moderate-income homeowners or tenants; and
2. Nonprofit housing development organizations or other affordable housing providers and the Newton Housing Authority. Funds may only be used to rehabilitate deed restricted rental units which are occupied by income-eligible tenants and/or occupied by tenants with a rental subsidy.

Owner-occupants: If the property is owner-occupied, the property owner’s household income must be at or below eighty percent (80%) of area median income, as defined by HUD, and published on an annual basis. Income verification¹ by Program staff is required. For the purposes of determining eligibility, an applicant’s household size is established at the time the application is approved by Program staff for funding. In the case of jointly-owned property, only the incomes of the household members actually residing in the property are counted (see Attachment C: Determining Income-Eligibility.) Income-eligibility is required for Program assistance.

Program assistance to owner-occupants with a rental unit: Irrespective of their household income, owner-occupants of a two-family structure with one rental unit may apply for Program assistance if their tenants are income-eligible. CDBG funding may also be used to rehabilitate a vacant rental unit if the owner agrees to rent the unit to an income-eligible tenant household at an affordable rent upon occupancy. Income-eligibility of the tenant household is required for Program assistance. Income-eligibility of the tenant household is verified annually by Program staff.

Rent restrictions apply: All Program-assisted rental units must be occupied by income-eligible tenant households whose rents are consistent with the City’s Affordable Rent Policy (see Attachment D: Affordable Rent Policy). Rental units are subject to the Affordable Rent Policy

¹ Income eligibility will be determined in accordance with 24 CFR Part 5 Subpart F 5.609 (Family income) and 5.611 (Adjusted income).

for a term, which is based on the amount of funding assistance received. The table below identifies the number of years a rental unit must remain affordable:

Amount of Program assistance	Term of affordability
<\$15,000	Three (3) years
\$15,000 to \$40,000	Five (5) years
>\$40,000	Ten (10) years

Program staff is responsible for ensuring that the rent a tenant household pays complies with the Affordable Rent Policy for the term of affordability. As part of the monitoring process, owners of rental units assisted with Program funds must provide copies of their lease agreements to Program staff on an annual basis. Program staff is responsible for verifying that the rent tenants are paying meets the requirements of the Affordable Rent Policy.

If the rental unit is occupied by new tenants since the last annual review, Program staff is also responsible for ensuring that the new tenant household is income-eligible. (See Attachment D: Affordable Rent Policy.)

First-time homebuyers: First-time homebuyers, who are owners of single-family structures or condominium units, and received downpayment assistance from the City to acquire a housing unit, are eligible to apply for Program assistance for hazard abatement, accessibility improvements and correction of HQS deficiencies/code violations only. All funding assistance is in the form of a DPL except funding for deleading which is a grant.

In the event there are not sufficient net proceeds upon resale of a Program assisted unit, an owner may request partial or full forgiveness of the DPL. The request must be made in writing to the Director of the Planning and Development Department and the Housing Program Manager who will evaluate the merits of the request on a case-by-case basis.

Nonprofit housing development organizations and other affordable housing providers: Program funds may only be used to assist multi-unit rental structures if they are owned by the Newton Housing Authority and/or nonprofit housing organizations. Tenants must be income-eligible.

Nonprofit organizations are eligible to apply for all eligible priority work only. Assistance is in the form of a DPL.

Newton Housing Authority: The Newton Housing Authority is eligible for funding for the following purposes only: Emergency hoarding cases (up to a maximum of \$5,000 per project) and accessibility improvements to Housing Authority-owned and managed units.

Emergency hoarding: Cases must be approved by the Newton Hoarding Task Force.

Accessibility improvements: The Housing Authority must request a waiver to apply for Program assistance that will not *directly* impact residential unit's e.g. eligible work to common areas. Requests for funding for eligible work to non-residential areas must be made in writing to the Director of the Planning and Development Department and the Housing Program Manager who will evaluate the merits of the request on a case-by-case basis. Program funds are not available for maintenance or general repairs.

ELIGIBLE WORK

The primary purpose of the Program is to correct code violations and substandard living conditions, including the removal of health hazards associated with mold, lead paint and asbestos. The Program also provides assistance for persons with disabilities who require accessibility improvements such as the installation of handicap ramps, bathroom grab bars, etc. All work must comply with the Massachusetts State Building Code and the Massachusetts State Sanitary Code, as applicable.

As identified in the Program Summary, priority work includes the following:

Addressing emergencies including hoarding and the correction of other issues that, if not corrected, will adversely impact the health and safety of residents.

Correcting conditions to be in compliance with the Massachusetts State Building Code and/or the Massachusetts State Sanitary Code. The correction of serious code violations, determined necessary by Program staff and/or an agent of the City Health and Human Services Department and/or Inspectional Services Department, are non-negotiable and must be addressed to receive Program funds.

Correcting conditions to be in compliance with Section 8 Housing Choice Voucher Program requirements.

Addressing environmental hazards such as lead paint, mold and asbestos

Correcting serious building maintenance deficiencies, deteriorated roofs, structural deficiencies.

Replacing obsolete heating systems.

Removing architectural barriers for persons with disabilities including the installation of accommodations that will enable people with physical disabilities, hearing and visual impairments, etc. to remain in their house.

HAZARD ABATEMENT

Lead paint abatement: Financial assistance for lead paint abatement is provided as a grant.

A grant for the full cost of lead testing and lead paint hazard reduction will be provided to low- and moderate-income owner-occupied single-family and two-family structures if the lead work is required for participation in the Program. Structures constructed after 1978 do not require testing.

Costs that are associated with the rehabilitation such as installation of new windows, replacement doors and vinyl siding, etc., will only be considered a grant if they are required as part of the abatement process. If required, Program assistance is available as a DPL to abate lead paint in the common areas of a two-family property (porches, front entryways, common hallways, etc.).

Income-eligible condominium owners are eligible to participate in the Program if the proposed work is eligible. Program staff is required to perform a lead inspection of the unit receiving assistance as well as all exterior and accessible common areas (such as a front porch, interior vestibule or hallway) in the structure. If lead abatement is required, the owner must notify the condominium association and receive written approval. Funding assistance for deleading, including deleading the owner's unit and all applicable common areas, is in the form of a grant. Relocation assistance, if required, is only available to the homeowner receiving funding.

Program staff and/or an agent of the City Health and Human Services Department are responsible for determining when lead testing and lead abatement is required.

A lead paint inspection and risk assessment must be conducted by a qualified and insured inspector. Specifications will be developed based on the applicable state and/or federal laws.

Risk assessment: A risk assessment is required for projects receiving over \$5,000 and less than \$25,000 of Program assistance. The risk assessment will identify any lead paint hazards requiring interim control measures.

Lead paint abatement: Projects receiving \$25,000 or more of Program assistance will be fully abated if lead paint is identified. The inspection report will identify levels of hazard, prioritize the risk, and recommend interim measures of abatement or full abatement depending on the amount of Program assistance, which the structure is estimated to receive. All structures where children six years old and younger reside will receive abatement regardless of the general rehabilitation cost of the project. All occupants will be temporarily relocated during the deleading process (see Attachment F: Temporary Relocation Policy). All deleading projects will be performed by qualified, certified, and insured deleading contractors.

Asbestos abatement: An inspection of the affected property must be made by a qualified industrial hygienist certified in asbestos inspection and abatement. The inspection report will determine all areas of asbestos removal or encapsulation. Contractors selected to perform the abatement work must be qualified, certified and insured to perform such work. A qualified and certified industrial hygienist hired independently by the Program will monitor the project and conduct all required air sampling tests.

Mold remediation: An inspection of the affected property will be made by a certified mold inspector. The inspection report will determine the location, cleanup method and procedures to prevent moisture from reoccurring. A certified industrial hygienist will provide air and dust analyses and clearance.

EMERGENCY ASSISTANCE

Emergency assistance is available to income-eligible homeowners and tenants (including requests for emergency assistance by the Newton Housing Authority, a nonprofit housing organization or other affordable housing provider for their rental units). An emergency is defined as a situation that presents an immediate threat to the integrity of a structure or the health and/or safety of the property's occupants as determined by Program staff and/or an agent of the City Health and Human Services Department and/or the Inspectional Services Department.

Emergency cases will be handled as follows:

1. Program staff and/or an agent of the City Health and Human Services Department and/or Inspectional Services Department will inspect any emergency conditions as well as check for other potentially hazardous conditions that might exist in the structure or on the property. Program staff and/or an agent of the City Health and Human Services Department and/or Inspectional Services Department will confirm the existence of any emergency conditions to the Housing Program Manager who is responsible for approving work on an emergency basis.
2. In order to be eligible to receive emergency assistance, an owner must provide Program staff with documentation verifying income-eligibility. At a minimum, an owner must provide Program staff with a copy of his/her most currently available tax return and three consecutive months of bank statements. If emergency funds are assisting a rental unit (in an owner-occupied two-family structure), the tenant household must provide information verifying their income-eligibility. Back-up documentation is not required if emergency funds are assisting a rental unit(s) owned by the Newton Housing Authority, nonprofit housing development organization and/or other affordable housing provider, and subsidized through a state or federal rental assistance program.
3. All emergencies will be handled as expeditiously as possible. Program staff is authorized to begin work (developing a scope of work and contacting contractors) prior to receiving documentation verifying income-eligibility. However, no funds will be committed to the project without sufficient back-up documentation and an environmental review.

If the condition of a structure warrants it, an owner who receives emergency assistance may still be eligible to apply for Program assistance in the form of a DPL.

HISTORIC PRESERVATION

Exterior work to single- and two-family structures which are located in a local or National Register Historic District, listed individually on the National Register of Historic Places (NRHP) or eligible for listing on the NRHP due to their architectural and/or historical significance, may be eligible for Program assistance. All work must meet *The Secretary of the Interior's Standards for the Treatment of Historic Properties*. (See Attachment E: Review and Approval Process for Work to Historic Residential Properties.)

PREVENTION AND/OR ELIMINATION OF SLUMS AND BLIGHT

Program funds may only be used to prevent or eliminate blighting conditions under much prescribed circumstances. Funds may be used if the blighting condition is determined to be detrimental to *public* health and safety and poses a threat to the *public* in general. This determination must be made by an agent of the City Health and Human Services Department and/or Inspectional Services Department in conjunction with the Housing Program Manager. Funds may not be used under this category to address a blighting condition(s) affecting the health and safety of occupants in a single unit. To be eligible for assistance, the general public must be served.

AMOUNT AND TYPES OF ASSISTANCE

All Program funding assistance in the form of a Deferred Payment Loan (DPL) with two exceptions:

Deleading: Funds for deleading, irrespective of whether it is an emergency, are provided as a grant; and

Hoarding: Emergency funds up to \$5,000 are available as a grant to clean a rental unit/single family house or condominium if the applicant is in the process of securing or is receiving concurrent mental health services. Any additional funds necessary to complete the cleaning are in the form of a DPL.

DPLs do not require payments during the term and accrue zero percent (0%) interest. The full amount of the DPL is payable to the City of Newton upon transfer, change or conveyance in ownership of the premises, or any part of the premises; or the death of the owner(s).

All financial assistance provided through the Program, with the exception of grants, is evidenced by a note and secured by a mortgage filed with the Middlesex South Registry of Deeds. The cost to record the mortgage is the responsibility of the owner.

Newton Housing Authority: Funding assistance to the Newton Housing Authority is available for emergency hoarding cases (up to \$5,000 per case) and accessibility improvements only. Accessibility improvements to non-residential areas requires a waiver and must be made in writing to the Director of the Planning and Development Department and the Housing Program Manager who will evaluate the merits of the request on a case-by-case basis.

First-time homebuyers: First-time homebuyers, who received funding from the City to acquire an affordable housing unit, are eligible for assistance for hazard abatement, accessibility improvements and correction of HQS deficiencies/serious code violations only. Assistance is in the form of a DPL with the exception of lead paint abatement which is in the form of a grant.

Waivers: Requests for waivers will only be considered under certain circumstances and on a case-by-case basis. A request for a waiver must be in writing and approved by the Housing Planner and the Director of the Planning and Development Department.

Waivers may be considered under the following situations:

- Repayment of a DPL: If hardship can be documented, an owner may request total or partial forgiveness of the DPL. This request may only be made at the time the DPL is due; and

- To exceed the 120-day project schedule: An applicant and/or contractor may request a time extension if unforeseen circumstances delay the submittal of required information by the applicant, the project is delayed due to a shortage of materials, etc.

ADDITIONAL PROGRAM REQUIREMENTS

Eligible properties: Funds are available to rehabilitate owner-occupied single- and two-family residential structures and owner-occupied condominium units in multi-family structures. The Newton Housing Authority, nonprofit housing development organizations and other affordable housing providers are eligible to apply for funds to rehabilitate single- and two-unit structures, multi-family structures, group residences or Single Room Occupancy units that are occupied by income-eligible tenants.

Property condition: Residential structures may be assisted under the Program if one or more of the following conditions exist: A health/safety/building code violation(s); immediate emergency assistance is required, as determined by Program staff and/or an agent of the City Health and Human Services Department and/or Inspectional Services Department; a member in the household is disabled requiring accessibility improvements; it has been determined that hazard abatement measures to remove mold, asbestos or lead paint are required; or any of the conditions identified under Eligible Work.

Taxes, water/sewer payments: To be eligible to participate in the Program, the property's real estate taxes and water/sewer payments must be current.

Property status: All mortgages or mortgage notes secured by the property must be in good standing. The property must not have any municipal, state or federal tax liens. Applicants are required to inform Program staff if existing mortgages or mortgage notes secured by the property are not in good standing (e.g. in arrears, default or foreclosure). The Program will not provide assistance to applicants who have not resolved issues pertaining to the above. Applicants who are currently in bankruptcy or foreclosure proceedings are not eligible to apply to the Program.

Flood insurance: If Program staff determines through the required environmental review process that a property is located within the 100-year floodplain, the applicant will be required to submit evidence of flood insurance coverage to participate in the program. The initial cost of a flood insurance premium is an eligible Program cost; subsequent year premiums are not.

Ownership: For applicants seeking status as owner-occupants, ownership of the property must be in the name(s) of people who reside at the property. The title to the property must clearly establish that the occupants are the owners of the property. Applicants must be able to clearly demonstrate who owns or has beneficial interest in the property and will be required to provide deeds or trust documents, as applicable, to Program staff. If an applicant holds only a life estate in the property, Program staff will require consent of the holder of the remainder interest.

Household size: Household size will be determined as part of the income-eligibility process. In the event that there is a change in household size after a determination of income-eligibility is

made, Program staff may review the eligibility of the project in light of the change. For the purposes of determining household size and income-eligibility, a pregnant woman is considered *two persons*.

Start of work: Work assisted under the Program may only begin after an owner has signed and returned a Commitment Letter to Program staff and a Notice to Proceed order has been received by the contractor. Owners *will not* be reimbursed for work undertaken prior to approval and authorization under the Program.

City employees and officials: Program staff, and any other City employees or officials, who may have authority with respect to the administration of the Program, are not eligible to receive Program assistance in accordance with the Planning and Development Department Conflict of Interest Policy (available upon request).

Affordable rents: All owners of rental units assisted with Program funds must ensure that the units remain affordable to low- and moderate-income tenant households from three to 10 years, depending on the total amount of Program assistance.

It is the City's policy that tenants may not pay more than 35 percent of their monthly adjusted household income on housing related costs including rent and utilities. In housing projects where there are existing rental subsidies or other affordable housing program requirements apply, the rent levels must comply with the most stringent of the applicable rent requirements.

The income of the tenant household is verified only upon initial occupancy. If there are not stricter rules in effect due to other housing programs' requirements, tenant households are considered over-income if their gross annual household income exceeds 80 percent (80%) of the area median income, as defined by HUD. To avoid displacement, it is the City's policy that over-income tenants may remain in a Program-assisted unit as long as the unit is rented to an income-eligible tenant household upon vacancy.

Program staff is responsible for monitoring tenant rents on an annual basis for the entire term of affordability. Owners are required to provide copies of all lease agreements with the stated rent amount. Tenant households will be asked to complete, sign and return a form to Program staff that identifies their gross annual household income. The information will enable Program staff to generally determine if tenant households are paying no more than 35% of their gross annual household income for housing costs (rent and utilities). If Program staff determines that an owner is not in compliance with the Program requirements, the City has the right to require full repayment of the DPL.

Program assistance to owners of condominium units: Applicants for Program assistance must have the approval of their condominium association to perform any exterior or common area work described in the work write-up. If required by the condominium association, approval may be necessary for interior rehabilitation as well. Program staff will require written approval by the condominium association as part of the application review process.

Project schedule (non-emergency cases only): In general, unless there are extenuating/unforeseen circumstances, the total amount of time for most projects to go from application to final completion should take no more than 120 days (four months).

Providing false information: If an applicant falsifies information or provides misleading information in an application, the applicant will be permanently disqualified from participating in the Program and will be required to repay any Program assistance already expended.

PROJECT SCHEDULE



15 days: Application review and Program approval

Program staff reviews application and back-up documentation to verify eligibility.

Program staff requests additional information for a complete application, if necessary. (If an applicant does not submit the requested information within 30 days, the review process will be terminated and the application will be returned to the applicant.)

Program staff will send a conditional commitment letter to the applicant stating the applicant is eligible to receive assistance; or notify the applicant that the household is ineligible.



15 days: Work write-up

Program staff completes a scope of work (work write-up) and a cost estimate.



30 days: Bidding project work and closing

Applicant approves the scope of work and gives Program staff permission to seek competitive bids.

Program staff and applicant review the bids and unless there are extenuating circumstances, the contractor submitting the lowest bid is awarded the job.

Program staff notifies the applicant of the bid results and a commitment letter is sent to the applicant. The commitment letter identifies the scope of work, the name of the contractor who submitted the accepted bid and the bid amount.

Program staff develops closing documents, submits them to the City Law Department and schedules a closing. As applicable, a mortgage is recorded at the Middlesex South Registry of Deeds.



75 days: Project work

Contractor has a maximum of 2 ½ months, from receipt of a Notice to Proceed, to complete project work. A contractor may request a waiver to extend the construction period in cases of inclement weather and/or material shortages.

All applicants must agree to adhere to the project schedule outlined above. If an applicant fails to meet time critical deadlines, Program staff may, with sufficient notice, discontinue the project. Without a waiver for extenuating circumstances, the applicant will not be allowed to reapply for Program assistance for a 12-month period and may be required to repay any Program assistance already expended.

Periodic inspections will be conducted by Program staff during construction. As part of the above process, all contractors' invoices will be checked against the actual work done before any payments are made. Program staff will sign a form approving payment to the contractor prior to the payment being processed. The owner's signature on payments will serve as approval of the completed work. If applicable, Program funds are disbursed only after all private funds are released for payment to contractors. (Program staff will need evidence that private funds have been disbursed.) Private funds are released in accordance with the above procedures.

At the completion of work related to lead removal, a certified lead inspector will re-inspect the property.

At the completion of the job, a final inspection will be performed by Program staff with the property owner.

PROJECT WORK: STEP-BY-STEP PROCESS

After the owner is determined eligible for Program assistance, Program staff will schedule a meeting to conduct a preliminary inspection and discuss work items the owner may want to include in the project. Depending on the age and nature of the building and/or the age of the structure's occupants, an inspection by a certified lead inspector may be required.

Program staff will prepare work specifications and a cost estimate of eligible rehabilitation items for the owner's review.

Program staff will meet with the owner to make necessary changes to the specifications and will obtain the owner's approval of the work write-up.

Bids will be obtained from contractors through a competitive bidding process. The City reserves the right to reject any and all bids or estimates of contractors and to waive any irregularities or items if it is in its best interest to do so

Program staff will review all bids received with property owners. The City will base its funding on the low bid amount, provided that it is a responsible bid. Owners may select any bidder provided that they pay the difference between the low bid and the selected bid.

The owner must select a contractor within 10 days of the bid opening.

After a title search has been performed and existing encumbrances identified, Program staff will prepare closing documents (mortgage note, mortgage and Program funding agreement, as applicable) between the owner and the City, and the contract between the owner and the selected contractor. Documents are subject to the review and approval of the City Law Department. *Note: In most cases, rehabilitation funds will not be provided if there is an existing reverse mortgage.*

If there are no deficiencies in the work and all City-required permits have been signed by the appropriate City Inspector(s), Program staff will process a final payment.

If any deficiencies are found during the final inspection, they will be communicated to the contractor through a punch list signed by the owner. The punch list will be prepared by Program staff. Once all punch list items are satisfactorily completed, Program staff and the property owner will approve the final payment.

A 10% retainage is held by the Program until all work has been completed and approved. The retainage will be released as part of the final payment to the contractor.

When all of the above has been completed, the contractor will be issued the final payment on the job.

Change order requests must be provided in writing to Program staff. All change orders must be reviewed and approved by Program staff and the homeowner.

CONTRACTOR REQUIREMENTS

The minimum requirements for contractors to participate in the Program include:

A Massachusetts Construction Supervisors license or trade license.

Registration as a Massachusetts Home Improvement Contractor, as applicable.

Workman's compensation insurance at statutorily required limits, as applicable.

Property and liability insurance: Contractors shall furnish the City with a Certificate of Insurance including general liability and workers' compensation and employees' liability insurance.

Completion of EPA Certified Renovator Course-Lead Safe Work Practices

Demonstrated experience in the appropriate trade(s).

Each contractor must fill out a registration form listing references and licenses and submit a certificate of insurance prior to receiving a contract award. References will be checked by Program staff.

Once registered with the Program, contractors will receive notice of projects when they go out to bid. Homeowners wishing to use contractors not included on the list may only do so if the contractor registers with the Program and submits the proper insurance certificates and references prior to the project going out to bid.

Contractors must take out all required permits prior to initiation of construction. The cost of the permits is to be included in the bid price.

If a participating contractor's performance or quality of work is unsatisfactory in the opinion of Program staff, the contractor will be issued a written notice describing specific problems with the contractor's work. This notice shall serve as a warning. If the problems, as outlined in this notice, are not addressed, then, based upon a recommendation from Program staff to the Housing Program Manager, the contractor will be barred from working in the Program.

CONTRACTORS INTERESTED IN APPLYING FOR THE PROGRAM SHOULD CONTACT DOUGLAS DESMARAIS, HOUSING REHAB SPECIALIST AT 617-796-1148 FOR AN APPLICATION.

REVERSE MORTGAGES , ESTATE PLANNING, AND LIEN SUBORDINATIONS

A title search will be performed and existing encumbrances identified as part of the Program staff review and approval process. In most cases, Program funds will not be awarded if there is an existing reverse mortgage on the property.

Due to changes in life circumstances, owners may need to consider estate planning, reverse mortgages and refinancing during the repayment period of a DPL or grant. Since participation in the Program makes it possible for City residents, who might not otherwise be able to either obtain or repay a loan, to make repairs to their homes and still keep those homes as affordable places to live, requests to subordinate or otherwise modify loan or grant terms will be considered in light of this objective.

When considering subordinating its lien position, the City will try to reasonably accommodate Program participants while protecting the City's interest in the property. The City will consider subordination in cases when a property owner wishes to refinance an existing mortgage principal balance and will not further encumber the property, e.g. a refinance for a lower interest rate.

When requesting lien subordination, owners must provide evidence of current encumbrances against the property. Documentation may include a combination of the following: loan application or loan approval from the lender for the proposed loan detailing existing debt, property appraisal, title search, statement of assessed value from the City assessor or property tax bill, or equivalent third party documentation detailing property value and all encumbrances. The Director of Planning and Development is authorized to approve the subordination. Property owners requesting lien subordination should allow thirty (30) days from the submittal of documentation for the City to process the request.

In the case of other changes in circumstances, Program participants are encouraged to contact Program staff to discuss possible impacts on outstanding Program obligations. The Director of Planning and Development may consider modifying funding assistance terms on a case-by-case basis.

TEMPORARY RELOCATION

Every effort will be made to minimize the need for temporary relocation if it is required during project work. However, it may be necessary to temporarily relocate residents when undertaking hazard abatement (lead paint, asbestos and mold). It is the City's policy to provide relocation benefits to tenants who may need temporary relocation. Tenants and owners will receive reasonable advance, written notification whether or not temporary relocation will be necessary and, if so, the kinds of assistance available.

Residents temporarily displaced as a result of the removal of lead paint or the abatement of asbestos are eligible for temporary displacement benefits and will be notified of their eligibility at least 15 days prior to the estimated relocation date. Relocation assistance is available on a flat rate per diem basis. The per diem allowances are identified in Attachment F: Temporary Relocation Policy.

AMENDMENTS AND REVISIONS

Program Guidelines and forms may be revised from time to time as deemed necessary. Major revisions to the Program Guidelines will require the approval of the Mayor, following the review and recommendation of the Newton Housing Partnership and Planning and Development Board.

APPLYING FOR FUNDING ASSISTANCE

Applications for assistance are accepted by mail or in person at the City Hall, Planning and Development Department, 1000 Commonwealth Avenue, Newton, MA 02459. Applications may be downloaded by going to the City web site at www.ci.newton.ma.us/housing_rehab.

APPLICATIONS ARE ACCEPTED ON A FIRST-COME, FIRST-SERVED BASIS. FOR MORE INFORMATION CALL RIEKO HAYASHI, HOUSING PLANNER AT THE PLANNING AND DEVELOPMENT DEPARTMENT AT 617-796-1149.

ATTACHMENT A: DEFINITIONS

Affordable housing means an owner or tenant household that pays no more than 35 percent of its annual income on housing-related costs (principal, interest, taxes, insurance, condo fees, utilities, etc).

Annual income means all amounts, monetary or not, which are used to calculate a household's income for a 12-month period. The City uses the definition of annual income found at CFR 24 Part 5 Subpart F Sec. 5.609 (Annual income) in determining income-eligibility.

Historic preservation (for the purposes of this Program) means the rehabilitation, preservation or restoration of a historic residential property being assisted with federal Community Development Block Grant funds. Historic properties are listed in or eligible for listing in the National Register of Historic Places, listed in the State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance.

Emergency means a situation that presents an immediate threat to the integrity of the structure or the health and/or safety of the property's occupants as determined by Program staff and/or an agent of the City Health and Human Services Department or Inspectional Services Department.

Gross annual household income means the yearly income of an individual or household generated from all sources of income before deducting allowable expenses.

Hazard abatement means the removal or remediation of unsafe materials such as mold, asbestos and lead paint. The removal of underground oil storage tanks—particularly if they are leaking—is an example of hazard abatement.

Household means all the persons who occupy a housing unit. The occupants may be a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. The definition of *household* is different than *family* which means all persons living in the same house, condominium or rental unit who are related by birth, marriage or adoption.

Low- and moderate-income household means a household whose annual income limits do not exceed 80 percent of the area median income for Boston, adjusted for family size.

Mortgage means a legal document by which the owner (i.e., the buyer) grants to the lender an interest in real estate to secure the repayment of a debt, evidenced by a mortgage note. When the debt is repaid, a mortgage discharge is recorded with the registry of deeds in the county where the mortgage was recorded. Because most people cannot afford to buy real estate with cash, nearly every real estate transaction involves a mortgage.

Mortgage Note means the written promise to repay a mortgage loan plus interest. A mortgage note states the principal amount due, the rate of interest, and the terms for repayment of the funds advanced. The borrower signing the note, and any cosigners, are each personally liable for repayment of the total debt.

Owner/ownership means the person or persons holding "title" to the property evidenced by a deed or trust document.

Principal benefit means federal funds (Community Development Block Grant funds) must assist the applicant household.

Principal residence means that the structure must be used as the primary home for the resident household.

Program assistance means the federal Community Development Block Grant (CDBG) funds used to pay for project-related costs.

Registry of Deeds means the Middlesex South Registry of Deeds.

Secretary of the Interior's Standards for the Treatment of Historic Properties means the guide to promote responsible preservation practices for historic buildings. The four treatment approaches are preservation, rehabilitation, restoration and reconstruction.

Structure (the assisted unit, house) means any building which is habitable for residential use

Temporary relocation means removing a household on a short term basis (usually less than a week) while their property is being abated (usually the removal of lead paint). The City of Newton provides a per diem allowance for lodging, food and miscellaneous activities (transportation, laundry) for the relocated household.

ATTACHMENT B: INCOME LIMITS

Number in Household	Low Income (0-50% of area median income)	Moderate Income (51-80% of area median income)
1	\$33,050	\$47,150
2	\$37,800	\$53,900
3	\$42,500	\$60,650
4	\$47,200	\$67,350
5	\$51,000	\$72,750
6	\$54,800	\$78,150
7	\$58,550	\$83,550
8 or more	\$62,350	\$88,950

Effective December 11, 2012

ATTACHMENT C: DETERMINING INCOME-ELIGIBILITY

In order to be eligible for Program assistance, beneficiaries must meet income limits established by HUD (See Attachment B: Income Limits). Under this Program, annual income is defined in 24 CFR 5.609 which is used by a variety of federally-assisted programs. The Part 5 definition of annual income is the gross amount of income of all adult household members (over 18) that is anticipated to be received during the coming 12-month period. The three principal steps in the income verification process for the Program include the following:

1. Document applicant's source(s) of income. Sources of income may include: employment/unemployment, social security, alimony, pension, monthly rental payments, child support, etc. (See *Sources of income used to calculate household income* below.)
2. Calculate the applicant's projected income using the source documentation submitted in step 1. This calculation includes all sources of income including assets (see below) and any regular financial contributions and gifts from persons not living in the household.
3. Compare the applicant's household projected income with HUD's income limits. Applicants whose household income does not exceed the 80% income limit, based on household size, are determined to be income-eligible for Program assistance.

Calculating annual income: Inclusions and exclusions

Sources of income 24 CFR 5.609 (b)	Sources of income that are included in calculating household income
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services. Overtime earnings must be based upon the average of the year to date and projected over the next 12 months.
2. Business income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income
3. Interest and dividend income	Interest, dividends, and other net income of any kind from real or personal property. If assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a % of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement and insurance income	The full amount of periodic amounts received from SS, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount .
5. Unemployment and disability income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as

	provided in number 3 of Income Exclusions).
6. Welfare assistance	If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income.
7. Alimony, child, gift support,	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces	All regular pay, special day and allowances of a member of the Armed Forces.

Sources of income 24 CFR 5.609 (c)	Sources of income that are excluded from calculating household income (<i>Partial list.</i> Other exclusions include reparations; income from full-time students; adoption assistance payments; deferred periodic social security and SSI benefits; property tax refunds; home care assistance and other federal exclusions.)
Income of children	Income from employment of children (including foster children) under the age of 18 years.
Foster Care payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
Inheritance and insurance income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
Medical expense reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
Income live-in aides	Income of a live-in aide (as defined in 24 CFR 5.403).
Gifts	Temporary, nonrecurring, or sporadic income (including gifts).

ATTACHMENT D: AFFORDABLE RENT POLICY

Affordable rental housing and allowable rents under the CDBG Program

All affordable rental units in Newton that have been developed by (1) a comprehensive permit under M.G.L. c. 40B including the Local Initiatives Program; or (2) a special permit under Section 30-24(f) of the Newton Zoning Ordinance (Inclusionary Zoning); and/or (3) financially subsidized through the City's Community Preservation Fund, Community Development Block Grant Program (CDBG), and/or HOME Program include rent limitations. It is the City's policy that affordable housing rental projects supported through CDBG funds (except where other programs' restrictions affecting that project require lower limits) that the monthly rents charged to tenants cannot exceed 40 percent (if inclusive of rent and utilities) or 35 percent (if cost of rent only) of the monthly adjusted income of a household whose gross annual household income is 70 percent of the Boston Area Median Income, which is provided by the U.S. Department of Housing and Urban Development (HUD) and updated on an annual basis. (Note: Under CFR 24 570.208, eligible tenant income may be up to 80 percent of Area Median Income.)

The term of affordability is determined by the amount of subsidy that was put into the project (see chart below and page 6 of rehab guidelines more detail) The start of the affordability period, will be determined by the date of the initial term of lease or certificate of occupancy. However, determinations can be made on case by case basis.

Amount of Program assistance	Term of affordability
<\$15,000	Three (3) years
\$15,000 to \$40,000	Five (5) years
>\$40,000	Ten (10) years

Tenants occupying units with project-based rental subsidies are limited to the maximum amount of rent that may be collected by landlords (tenant payment plus subsidy) allowed by the subsidy program. *Allowances for Tenant-Furnished Utilities and Other Services*, a document published by HUD that provides the eligible costs of utilities by number of bedrooms, is available from the Newton Housing Authority.

Under the Section 8 Housing Choice Voucher Program, the Public Housing Authority determines a payment standard that is the amount generally needed to rent a moderately-priced dwelling unit in the local housing market and that is used to calculate the amount of housing assistance a family will receive. However the payment standard does not limit and does not affect the amount of rent a landlord may charge or the family may pay. A family which receives a housing voucher can select a unit with a rent that is below or above the payment standard. The housing voucher family must pay 30% of its monthly adjusted gross income for rent and utilities, and if the unit rent is greater than the payment standard the

family is required to pay the additional amount. By law, whenever a family moves to a new unit where the rent exceeds the payment standard, the family may not pay more than 40 percent of its adjusted monthly income for rent.

ATTACHMENT E: REVIEW AND APPROVAL PROCESS FOR WORK TO HISTORIC RESIDENTIAL PROPERTIES

Federal regulations stipulate that projects funded with Community Development Block Grant funds are subject to environmental review procedures. The Planning and Development Department has an Environmental Review Officer that conducts this review and a Certifying Officer that certifies the Environmental Review. The majority of rehabilitation projects fall under the requirements of 24 CFR 58.35 (a) categorically excluded activities that are excluded under National Environmental Policy Act but may be subject to other federal laws and authorities cited in part 24 CFR 58.5. This type of review requires the completion of a Statutory Checklist. If the activity retains exemption, after the completion of a Statutory Checklist, through §58.34 (a) (12), both the Environmental Review Officer and the Certifying Officer will sign an Environmental Review Record indicating that the review process is complete. If the project does not retain exemption a Notice of Intent/Request for Release of Funding will be posted for 10 days. After the 10 day comment period, all documentation will be sent to HUD for final approval.

If the proposed location of the rehabilitation work is under the jurisdiction of a historic district² or a city landmark³ the following process will be followed:

Any change to a property in a historic district or a city landmark requires initial review by the Preservation Planner through a preliminary application. If the project can be reviewed and approved without a public hearing due to its scale and/or appropriateness, the Preservation Planner will approve such work. If the Preservation Planner determines that the proposed rehabilitation work involves a change in materials or alteration visible from the public way and requires commission review, the homeowner will be required to submit a formal application to the relevant historic district commission. The Historic District Commission will review plans to ensure that the proposed work is in accordance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties*. In those instances where the *Standards* cannot be met, the City of Newton will consult the Massachusetts State Historic Preservation Office and, prior to taking any further action; obtain comments from the Advisory Council on Historic Preservation.

If rehabilitation is proposed to a structure considered a historic property⁴ outside of a historic district and not a city landmark, the following process will be followed:

² Local historic district designation can be obtained through the city's GIS system.

As of 2008, there are four local historic districts: Auburndale, Newton Upper Falls, Chestnut Hill, and Newtonville.

² As of 2008, there are 17 local landmarks. A current listing of the City's landmarks can be found at: http://www.ci.newton.ma.us/cdbg/Historic/landmarks/newton_landmarks.htm.

are four local historic districts: Auburndale, Newton Upper Falls, Chestnut Hill, and Newtonville.

³ As of 2008, there are 17 local landmarks. A current listing of the City's landmarks can be found at: http://www.ci.newton.ma.us/cdbg/Historic/landmarks/newton_landmarks.htm.

⁴Historic Property, Historic District, and City Landmark designation can be obtained through the city's GIS system. Historic Properties are listed as National/State Register, and also Historic Resources Survey (Historic Properties under Historic Resources Survey listed in the Newton Historic Resources Survey as a #0 No Significance and #1 Minor Significance may have their changes reviewed by Program staff for appropriateness without Preservation Planner review.)

If the scope of the rehabilitation work includes removal of significant architectural features such as windows, siding, decorative trim work, or a change calculated as 25% or greater of a roof or façade, the work requires an initial review by the Preservation Planner. Repair work and replacement of materials in kind may be reviewed by Program staff and do not require Preservation Planner review. If the project can be reviewed and approved without a public hearing due to its scale and/or appropriateness the Preservation Planner will approve such work. If the Preservation Planner determines that the proposed rehabilitation work requires Newton Historical Commission review, the homeowner will be required to submit a formal application to the Newton Historic Commission (*application to be developed*).

The Newton Historical Commission will review plans to ensure that work proposed is in accordance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties*. In those instances where the *Standards* cannot be met, the City of Newton will consult the Massachusetts State Historic Preservation Office and, prior to taking any further action, obtain further comments from the Advisory Council on Historic Preservation.

ATTACHMENT F: TEMPORARY RELOCATION POLICY

Every effort will be made to minimize the need for temporary relocation if it is required during project work. However, it may be necessary to temporarily relocate residents when undertaking hazard abatement (lead paint, asbestos and mold). It is the City's policy to provide relocation benefits to tenants who may need temporary relocation. Tenants and owners will receive reasonable advance, written notification whether or not temporary relocation will be necessary and, if so, the kinds of assistance available. Families needing temporary assistance may be eligible for reimbursement of their hotel and food expenses with prior approval of the Planning Department. All reimbursable expenses must be accompanied by receipts.

Program staff requires the following information prior to issuing a check:

Composition of household to be temporarily relocated including:

Names of all adults

Names, ages and gender of all children